

Message Text

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PAGE 01 GENEVA 10769 131801Z
ACTION EB-08

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C O N F I D E N T I A L GENEVA 10769

E.O. XGDS1: DIMPTD
TAGS: ETRD
SUBJECT: PRESIDENTIAL MESSAGE ON EXPORT POLICY

PASS TO COMMERCE FOR WEIL AND TO WHITE HOUSE FOR DEAL

FROM RENNER

1. THE PRESIDENTIAL MESSAGE IS IN GOOD SHAPE GENERALLY.
CONGRATULATIONS. HOWEVER, I DO HAVE A FEW SUGGESTIONS THAT
YOU MAY WISH TO CONSIDER.

2. I WOULD EXPAND AND STRENGTHEN THE PARAGRAPH ON HIGH
TECHNOLOGY BY: (A) EXPLAINING WHY WE NOW HAVE A COMPARA-
TIVE ADVANTAGE IN THE PRODUCTION OF HIGH TECHNOLOGY PRO-
DUCTS AND WHAT IS NEEDED TO MAINTAIN THIS LEAD (I.E. A HIGH
LEVEL OF R&D BY AMERICAN INDUSTRY); (B) INSTRUCTING THE
TASK FORCE TO RECOMMEND CONCRETE MEASURES TO THIS END;
(C) ESTABLISHING THE TASK FORCE AT A HIGH LEVEL AND HAVING
IT BE COMPOSED OF COMPETENT BUSINESSMEN AND ACADEMICS.

3. I WOULD EXPAND THE SECOND PARAGRAPH ON PAGE 3 AND
STRESS THE NEED TO CHANGE THE GENERAL ATTITUDE TOWARD
EXPORTS AND UNDERLINE THE IMPORTANCE OF REORDERING OUR
NATIONAL PRIORITIES TO STIMULATE EXPORTS. EVER SINCE
WORLD WAR II MANY AMERICANS HAVE THOUGHT THAT THE REST OF
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THE WORLD HAS HAD A SPECIAL DESIRE FOR AMERICAN EXPORTS AND
THAT WE COULD ATTAIN PARTICULAR POLICY OBJECTIVES BY
DENYING FOREIGNERS ACCESS TO AMERICAN EXPORTS--ALL WITH NO
COST TO OURSELVES. I WOULD ATTACK THIS ATTITUDE HEAD ON
AND EMPHASIZE THE NEED TO CHANGE IT TO REFLECT CURRENT
REALITY. I WOULD ALSO ARGUE THAT WE NEED TO CHANGE OUR
PRIORITIES IN FAVOR OF EXPORTING IN ORDER TO EARN THE

FOREIGN EXCHANGE NECESSARY TO FINANCE ESSENTIAL AND DESIRED
IMPORTS. IRED

4. I WOULD STRENGTHEN THE PARAGRAPH ON TAX INCENTIVES ON
PAGE 4. THE PRESUMPTION SHOULD BE THAT A TAX INCENTIVE IS
REQUIRED. I WOULD MAKE THIS SECTION AS STRONG AS THE
CLEARANCE PROCESS WILL PERMIT. PERHAPS YOU HAVE ALREADY.
IN ANY CASE, IT IS WEAK AS IT STANDS.

5. RE NUMBERED PARAGRAPH 2 ON PAGE 5, IT WOULD BE USEFUL
TO EXPLAIN THAT LIMITING U.S. EXPORTS WHEN COMPARABLE
GOODS ARE AVAILABLE ELSEWHERE ACHIEVES NO POLICY OBJECTIVE,
HURTS U.S. EXPORTERS, HARMS THE U.S. CURRENT ACCOUNT, AND
PUTS ADDITIONAL PRESSURE ON THE DOLLAR.

6. PARA 3 ON PAGE 5 IS VERY WEAK. AMERICAN EXPORTERS
WILL NOT CHEER. FOREIGN BUSINESS WILL NOT TREMBLE. WE
SHOULD EXPRESS DETERMINATION TO MEET FOREIGN EXPORT CREDIT
COMPETITION AND TO PROVIDE EXIMBANK WITH AMPLE RESOURCES TO
DO SO.

7. PARAGRAPH 4 ON PAGE 5 IS ALSO WEAK. WE SHOULD STATE
PRECISELY WHAT WE ARE PREPARED TO DO. I AM NOT CLOSE
ENOUGH TO THE TACTICAL SITUATION TO RECOMMEND CONCRETE
LANGUAGE. BUT I AM CONFIDENT THAT THIS SECTION IS TOO
WEAK NOW AND WILL CONTRIBUTE TO A NEGATIVE BUSINESS
REACTION TO THE ENTIRE REPORT.
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8. REGARDING THE COUNCIL FOR EXPORT EXPANSION, I WOULD BE
MUCH MORE EXPLICIT ABOUT ITS IMPORTANCE, DUTIES, POWERS,
AND MEMBERSHIP. IT SHOULD BE PORTRAYED AS A SIGNIFICANT
BODY THAT WILL TAKE CHARGE OF THE CONTINUING EFFORT TO
REORDER NATIONAL PRIORITIES IN FAVOR OF EXPORTS.

9. THE STYLE OF THE REPORT LACKS URGENCY AND FIRE. A
LITTLE EDITING TO GIVE IT MORE URGENCY WOULD HELP GET THE
REACTION YOU AND I WANT.

10. I KNOW THE REPORT IS ALREADY OVERDUE. BUT IT WILL BE
JUDGED ON WHAT IT SAYS NOT BY ITS TARDINESS.

11. I WILL BE BACK AT MY DESK IN WASHINGTON ON JULY 17 IF
YOU SHOULD WISH TO DISCUSS THESE MATTERS WITH ME. VANDEN
HEUVEL

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NNN

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